System-wide Policy: FI0436 - Sponsorship of External Non-Profit Organizations	
Version: 1	Effective Date: 12/01/2023

SECTION 1. Policy Statement

I. **Generally**

A. The University may sponsor non-profit events, programs, or initiatives that are consistent with and further the University's mission of education, research, and public service. Such sponsorships must be in accordance with campus, institute, and unit procedures.

B. This policy addresses charitable non-profit organizations (501(c)(3) organizations) and does not apply to the University's transactions with other types of non-profit organizations, including accreditation organizations, other government agencies, regulatory agencies, utility companies, or athletic conferences.

C. This policy does not address the University donating equipment (tangible personal property) to non-profit organizations.

II. **Financial Donations Prohibited**

A. The University does not make charitable financial (cash or cash equivalent) donations to non-profit organizations.

1. A donation involves the University providing a financial (cash or cash equivalent) contribution to a non-profit organization without the non-profit providing something to the University in return.
2. A sponsorship involves the University receiving something in return for providing payment to the non-profit organization (for example, a table at an event or recognition in publications, or both).

B. State law does not authorize the University to make donations to non-profit organizations. Accordingly, departments must not make financial donations to non-profit organizations.

III. **GL Code; Documentation**

A. Under U.S. federal tax laws and regulations, the University's Controller's Office might be able to claim a deduction for the University's sponsorships of external non-profit organizations when calculating the University's unrelated business taxable income.

B. Departments must use the GL code for sponsorships, which is located in the definitions section below.

C. Departments must ensure that the department attaches documentation from the non-profit, including without limitation, a non-profit's written statements of receipt to the applicable ledger so that University's Controller's Office will have sufficient

Information to verify (often called "substantiate" in accounting terminology) the University's tax-deductible amount of the sponsorship.

SECTION 2. Reason for the Policy

This policy provides guidance to departments regarding the University's ability to sponsor external non-profit organizations. This policy also communicates to departments that the University is prohibited from making cash donations to non-profits because state law does not allow such donations.

SECTION 3. Scope and Application

This policy applies to all University departments.

SECTION 4. Procedures

For consistency and compliance reasons, the University requires that departments utilize the following GL Code when sponsoring non-profit organization: 549550-Sponsorships.

Further, the University requires that departments upload documentation to each invoice.

When a department obtains a tax letter from the non-profit organization that the department sponsored, the department must attach the letter to the ERP System as documentation.

Campuses and institutes are responsible for issuing a procedure under this policy to provide guidance on when a department may sponsor an external non-profit organization.

SECTION 5. Penalties/Disciplinary Action for Non-Compliance

Providing sponsorship to an external non-profit organization in violation of this policy might violate state law and might subject the individual University employee to adverse human resource actions, up to and including termination.

SECTION 6. Responsible Official & Additional Contacts

All University of Tennessee campuses and institutes

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation			

SECTION 7. Policy History

Revision 1: 7/01/2023

SECTION 8. Related Policies/Guidance Documents

GE0003 (State and Federal Government Relations Activities)
FI0320 (Indicia Licensing, Promotions, and Sponsorships)
FI0405 (Procurement)
FI0420 (Contracts)
